

News Release

Senator Pete V. Domenici

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DOMENICI: AMERICA'S ENERGY PROBLEMS LONG-TERM ISSUE

Senate Committee Studies Energy Capacity in Wake of Rising Prices

WASHINGTON -- Senator Pete Domenici today warned that years of inattention to national energy needs will soon haunt Americans as their growing appetite for all forms of energy outpace the country's capacity to provide it.

Domenici is a member of the Senate Governmental Affairs Committee that today conducted an oversight hearing on rising oil prices and the effectiveness of the federal government's response to the growing crisis.

"We would be wise to look beyond the shock being expressed by Americans at the gas pumps. The problem is and has been bigger than that, and will probably get worse. It is not farfetched to predict that United States could soon lack the capacity to meet its electrical needs. We could very well find ourselves right back in a situation where the OPEC cartel could withhold supplies to keep prices high," Domenici said.

"Because we have policies that have only made us more dependent and more vulnerable, our capacity to react and solve the problem will be limited. We have an American policy to squeeze every ounce of energy out of utility companies without producing any new sources, because the prevailing view is that new production only creates environmental hazards," he said.

Domenici said the Clinton administration policies--denying congressional efforts to address nuclear waste storage issues and closing more federal lands to energy production--have only heightened the United States' slide into a dependence on foreign fuel sources that will have serious national security implications.

"Our policies seed the oil cartel countries the message that we are more at their mercy every single day," Domenici said. "The multiple use concept for federal lands is fleeting away. It isn't a concern to certain administration advisors that federal lands be used for energy production. Under this administration, the principle function of government is conservation and preservation, not utilization of what God put under the ground, namely energy sources."

With 60 percent of the land open to energy production in 1983 now off limits, Domenici complained that the Clinton administration is off track in at least trying to maintain an energy production industry in the United States. No new refineries have been built in the United States since 1976, in part because regulatory obstructions make such a venture unprofitable.

Production is down from an average of 6.5 million barrels per day in 1997 to less than 6 million barrels today. Overall, domestic production has declined 17 percent in the last decade while consumption has increased 14 percent.

- Domenici has advocated energy policy changes that include, among other things:
- ! Opening up small portions of the Alaskan National Wildlife Refuge to exploration;
 - ! Ending the moratorium on off-shore drilling;
 - ! Restoring exploration and development as a multiple use on public lands;
 - ! Dispensing with higher royalty rates for oil produced on federal lands; and,
 - ! Tax incentives to increase domestic production, triggered only when prices fall dramatically and phase out when prices skyrocket.